

DIRECT TESTIMONY
OF
STACY ROSS
TELECOMMUNICATIONS DIVISION
ILLINOIS COMMERCE COMMISSION

FRONTIER COMMUNICATIONS CORPORATION,
VERIZON COMMUNICATIONS, INC., VERIZON NORTH INC.,
VERIZON SOUTH INC., NEW COMMUNICATIONS OF THE CAROLINAS, INC.
JOINT APPLICATION FOR APPROVAL OF A REORGANIZATION
PURSUANT TO SECTION 7-204 OF
THE PUBLIC UTILITIES ACT

DOCKET NO. 09-0268

OCTOBER 20, 2009

1 **Q. Please state your name and business address.**

2 A. My name is Stacy Ross, and my business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4
5 **Q. What is your occupation?**

6 A. I am the 9-1-1 Program Assistant for the Telecommunications Division of
7 the Illinois Commerce Commission.

8
9 **Q. Please describe your educational and occupational background.**

10 A. I graduated from Eastern Illinois University with a Bachelor of Science
11 degree in Accounting in 1992. In May of 2000, I earned a Master's Degree
12 in Legal Studies from the University of Illinois - Springfield. I joined the
13 Commission in May of 1992. I worked in the Management Studies Division
14 of the Commission for three years conducting management audits of
15 telecommunications, gas and electric utility companies. In April of 1996, I
16 transferred to the Telecommunications Division - Rates Section. My job
17 duties include the review of cost studies filed with telecommunications
18 companies' tariff filings. In May of 2000, I transferred to my current position
19 as the 9-1-1 Program Assistant in the 9-1-1 Program of
20 Telecommunications Division. I am responsible for overseeing the
21 formation and implementation of municipal and countywide 9-1-1. I also
22 review applications for new 9-1-1 systems and modifications to existing 9-1-
23 1 systems and participate in the hearing process to ensure that the

applicant and telecommunications carriers comply with Illinois Statutes and Commission regulations. Finally, I promote and assist in the development and implementation of policy proposals that address current and future 9-1-1 issues in order to ensure that state regulations and statutory requirements are being fulfilled.

Q. Have you testified in prior Commission proceedings?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address the merger request of Frontier Communications Corporation ("Frontier") and Verizon Communications, Inc., Verizon North Inc., Verizon South Inc. and New Communications of the Carolinas, Inc. specific to issues pertaining to the provisioning and maintenance of 9-1-1 service. Given the complexity of provisioning and maintaining 9-1-1 service and the potential consequences to public safety if a 9-1-1 failure occurs, 9-1-1 Program Staff considers it vital to ensure that the merger between Frontier and Verizon will not jeopardize the integrity of the 9-1-1 Program in Illinois and will result in a seamless and transparent transition. Furthermore, Staff considers it equally essential that proper attention is given by Frontier as successor to the 9-1-1 operations in Illinois, specifically concerning its current organizational structure and staffing.

Finally, Staff seeks to ensure that future 9-1-1 rates do not create any excessive profits for the post-merged company if the merger is approved.

Q. Please briefly describe the elements of the 9-1-1 system and how the system functions.

A. At a very basic level, the 9-1-1 network works as follows: when a 9-1-1 call is made, the call is routed over dedicated 9-1-1 circuits to a device called a selective router. The function of the selective router is to query a selective routing database and determine which Public Safety Answering Point (PSAP) the call should be routed to based upon the location of the caller. The call is then routed to that PSAP, at which point Automatic Number Identification (ANI) and Automatic Location Identification (ALI) information is attached to the call so that the call taker at the PSAP knows the location of the caller and the phone number from which the call originates. The call taker is then able to dispatch the appropriate first responders (e.g., firefighters, police officers and/or paramedics) from the appropriate jurisdiction.

Subscribers constantly move on and off the network, change phone numbers, or move to different locations while porting their existing phone numbers. Likewise, the jurisdictions of first responders change from time to time, as, for example, when new subdivisions are built. It is clear, therefore, that the system is highly dependent on the proper functioning of

the selective router and on scrupulous updating of the selective routing and ANI /ALI databases. This is particularly true in Illinois, because Illinois statute provides that 9-1-1 service will be provided by county or municipal Emergency Telephone System Boards (ETSBs) rather than by a statewide system, or by regional systems, as is typically the case in other states. As a result, Illinois has 195 9-1-1 systems, and the resultant multiplicity of jurisdictional boundaries.

The system described above is known as Enhanced 9-1-1 (E911). Basic 9-1-1 differs from E9-1-1 in that ANI/ALI information is not attached to the call. Basic 9-1-1 remains in use by only one municipality in Illinois which Verizon currently serves.

Q. What responsibilities does Verizon currently have with respect to the 9-1-1 system in Illinois?

A. Verizon maintains 9 selective routers, which serve not only its own service territory, but the territories of smaller ILECs, as well as competitive local exchange carriers (CLECs) serving in its territory. It also maintains the selective routing and ANI / ALI databases for its service territory and those of smaller ILECs and CLECs.

Q. What are Staff's concerns regarding the proposed merger transaction with respect to the 9-1-1 system in Illinois?

92 A. There are many organizational and operational differences between
93 Frontier and Verizon with regard to the provisioning of 9-1-1 services. Staff
94 issued data requests to both companies which requested specific
95 information pertaining to the following issues:

- 96 • 9-1-1 Organization, including staffing numbers, job descriptions and
97 locations of staff;
- 98 • Procedures for processing 9-1-1 database records and for maintaining
99 the 9-1-1 database;
- 100 • 9-1-1 repair and trouble reporting centers including staffing numbers
101 and location;
- 102 • The impact of the merger on any current 9-1-1 policies and procedures
103 for implementing and maintaining 9-1-1 services in Illinois;
- 104 • The impact of the merger on any contractual arrangements;
- 105 • Procedures for collecting and remitting 9-1-1 surcharge funds to 9-1-1
106 systems;
- 107 • Policies and procedures for processing CLEC 9-1-1 network and
108 database service requests; and
- 109 • Policies and procedures for implementing wireless 9-1-1 services and
110 Private Switch 9-1-1 service requirements in Illinois.

111 Based on the responses Staff received, there are differences between both
112 companies in the areas described above, some more significant than
113 others.

114 **Q. What are your main concerns regarding the proposed merger**
115 **transaction?**

116 A. I am particularly concerned that Frontier does not currently provide
117 selective routing, 9-1-1 database services, 9-1-1 services to CLECs,
118 wireless 9-1-1 or Private Business Switch 9-1-1 services to 9-1-1 systems
119 in Illinois today. For the most part, Frontier's 9-1-1 functions that exist in
120 Illinois today appear to be primarily related to maintaining database
121 records that are sent to the 9-1-1 databases of the 9-1-1 system providers
122 in Illinois. These records are processed by Frontier's 9-1-1 Data Integrity
123 Unit in Gloversville, New York. Frontier stated that it has no plans to
124 change the arrangements and procedures of its 9-1-1 operations for its
125 existing service territory in Illinois. Frontier Response to Staff Data
126 Request SR 1.02.

127
128 Frontier also has procedures in place for collecting and remitting 9-1-1
129 surcharges in Illinois. Frontier has one employee in Stamford,
130 Connecticut, who performs the function associated with surcharge
131 collection and remittance. Frontier also stated that it has no plans to
132 change its current procedures or staffing with respect to collecting and
133 remitting surcharge funds. Frontier Response to Staff Data Request SR
134 1.06.

136 **Q. Do you have other concerns regarding the proposed merger**
137 **transaction?**

138 A. Yes. In addition to not currently providing any significant 9-1-1 services,
139 Frontier has very few employees performing 9-1-1 functions in or for
140 Illinois. Frontier has a 9-1-1 Coordinator in Illinois and a data integrity
141 group in Gloversville, New York, where one person dedicated to Illinois
142 conducts error correction, readdressing issues, such as adding new
143 streets or address number ranges, and database cleanup activities. Since
144 Frontier has indicated that neither the locations nor staffing of its existing
145 9-1-1 operations in Illinois will change, I assume that these two employees
146 will continue to function in the same manner and location as they do
147 today.

148
149 **Q. How are your concerns in this regard being addressed by**
150 **Frontier/Verizon?**

151 A. According to Frontier, the majority of 9-1-1 services and activities that are
152 managed by Verizon today will continue operating through Spinco's 9-1-1
153 customer support. Spinco is a newly-formed, wholly owned, direct
154 subsidiary of Verizon whose separate existence will cease after the
155 merger with Frontier. Joint Application Exhibit 1 – Agreement and Plan of
156 Merger. Frontier stated that Verizon will ensure that Spinco's 9-1-1
157 customer support, which will be transferred to Frontier at closing, will be
158 consistent with the customer support provided today. Frontier Response

159 to Staff Data Request SR 1.01. Frontier again stated that it has no plans
160 to change the policies, procedures, staffing, and systems that will transfer
161 with the Spinco operations. Frontier Response to Staff Data Request SR
162 1.05.

163
164 It appears that Frontier plans to rely heavily on Verizon's experience and
165 resources with 9-1-1 operations and management for the transition and
166 intends to retain and utilize the existing core group of Verizon 9-1-1
167 employees. Frontier has indicated that the following Verizon Business
168 employees currently support E9-1-1 customers in Illinois:

169 9-1-1 Service Manager

170 9-1-1 Project Manager

171 9-1-1 Tier 2 Customer Premise Equipment (CPE) Support

172 9-1-1 Tier 2 Database Management Support

173 9-1-1 Wireless/VoIP Implementation

174 9-1-1 Manager Technical Services

175 9-1-1 Corporate Account Manager

176 According to Frontier, each of the above Verizon Business employees will
177 continue as Frontier employees after the merger transaction is completed.
178 Frontier Response to Staff Data Request SR 1.12. It is unclear if the
179 Verizon Business employees will actually become Frontier employees or if
180 they will be part of a separate business unit such as Verizon Business.
181

Verizon also has a 9-1-1 Customer Care Center located in New Jersey that is responsible for maintenance for Public Safety Answering Point CPE and 9-1-1 circuits in Illinois and numerous states across the nation. The center is staffed with one manager and four team leaders, one clerk and thirty-eight technicians. Frontier states that 9-1-1 customer support in Illinois will be consistent with the support provided today and has no plans to change the staffing and locations of the Spinco employees that transfer to Frontier. Frontier Response to Staff Data Request SR 1.14.

From this response, I cannot be certain which, if any, of these current employees of the Verizon 9-1-1 Care Center are likely to be transferred to Frontier.

Q. Have Frontier/Verizon adequately addressed your concerns regarding the operation of 9-1-1 services and activities?

A. No. I would be satisfied with the proposal for a majority of 9-1-1 services and activities that are currently managed by Verizon to continue to be operated through Spinco's 9-1-1 customer support if all of the Verizon 9-1-1 Care Center employees dedicated to Illinois continued to do so as Frontier employees after the transaction.

Q. What information do you need in this regard?

I need to be provided more detailed information regarding 9-1-1 staffing levels prior to and after completion of the merger transaction. At this point, I cannot be certain what will happen to the current 9-1-1 employees

205 of Verizon. There appear to be employees located around the country,
206 some of whom work for Verizon's Verizon Business subsidiary. Frontier
207 Response to Staff Data Request SR 1.12. I cannot be certain which
208 company those employees will work for in the future – Frontier, New
209 Communications of the Carolinas, or some group that serves both
210 companies like Verizon Business. Frontier has stated repeatedly in its
211 responses to Staff Data Requests SR 1.01-1.25 that it has no plans to
212 change staffing and locations of the Spinco employees that transfer to
213 Frontier.

214
215 I need specific and detailed information regarding who will perform the
216 various operations and where they will be located. In addition, it is vital
217 that Commission's 9-1-1 Program Manager be notified of any staffing
218 changes regarding 9-1-1 personnel in or assigned to Illinois on a going-
219 forward basis. Frontier should commit to notifying the Commission's 9-1-1
220 Program Manager of all such changes on a going-forward basis.

221
222 **Q. Why do you want this detailed information?**

223 One of Staff's primary concerns is to ensure that the merger between
224 Frontier and Verizon will not jeopardize the integrity of the 9-1-1 Program in
225 Illinois and will provide a seamless and transparent transition. Frontier has
226 little experience operating a 9-1-1 system in Illinois. Verizon is a primary 9-
227 1-1 system provider for no fewer than 48 of the 195 existing 9-1-1 systems

228 in Illinois. In addition, Verizon is currently in the process of implementing
229 four countywide 9-1-1 systems. These projects involve establishing the E9-
230 1-1 network, selective routing and database services and are in varied
231 stages of completion. Verizon Response to Staff Data Request SR 1.21.
232 Given the disparity in experience in operating 9-1-1 systems, I am trying to
233 ensure that these projects continue without disruption and changes in the 9-
234 1-1 personnel responsible for implementing these projects. If all of the 9-1-
235 1 services and functions that are performed by Verizon today continue to
236 be performed by Frontier after the merger transaction is complete, my
237 concerns in this regard would generally be alleviated.

238
239 **Q. Are there any other changes likely to result to 9-1-1 services as a**
240 **result of the merger?**

241 A. Yes. Frontier has indicated that Verizon's 9-1-1 database will be
242 replicated for Frontier's use for its own operations after the merger
243 transaction is completed. Verizon personnel will undertake all aspects of
244 the replication process. Verizon currently uses an Intrado database
245 management system. Frontier will use the same database systems in an
246 effort to ensure that the replication of the database is seamless. It is the
247 Applicants' position that 9-1-1 customers in Illinois will not be impacted by
248 this transition. Frontier Response to Staff Data Request 1.11. Since
249 Frontier does not currently maintain a 9-1-1 database in Illinois, Frontier
250 plans to continue to use the same procedures and staffing in place for

Spinco, however the two current Verizon database employees located in Tampa, Florida, will not become Frontier employees. Frontier Response to Staff Data Request SR 1.11-1.12. Frontier/Verizon indicated that Verizon currently has one E9-1-1 Specialist and one Database Representative assigned to Illinois who are responsible for maintaining the E9-1-1 database. After the merger transaction, there will be one E9-1-1 Specialist and one Database Representative assigned to the state of Illinois who will be located at Frontier's Database Management Center located in Greensburg, Indiana. Frontier Response to Staff Data Request 1.12.

Q. Do you have any concerns regarding the replication and operation of the database?

A. I generally have no objection to the proposal for replication and operation of the database, but expect that Frontier/Verizon would notify the 9-1-1 systems in Illinois should problems occur during or after the transition of the database that would affect the 9-1-1 systems in any way.

Q. Will there be any other changes to 9-1-1 operations as a result of the reorganization?

In addition to the database replication, Mr. McCarthy discussed in his Direct Testimony certain network re-arrangements required by Verizon prior to the closing of the merger transaction. Joint Applicants' Exhibit 1

pgs. 30-31. Verizon currently provides Automatic Location Identification (ALI) Service in Illinois by connecting two mated ALI systems to each public safety answering point with dedicated facilities. Verizon Response to Staff Data Request SR 1.12. These systems are currently used to serve the PSAP customers that will become Frontier customers at closing and also those that will remain customers of the Verizon companies that are not part of the transaction. Verizon stated that it is in the process of developing a network plan to separate these systems while continuing to provide future Frontier customers with two mated ALI systems dedicated solely to the operations transferred to Frontier. These systems will be replicated versions of the existing systems Verizon uses today to provide 9-1-1 functionality. Verizon Response to Staff Data Request SR 1.12.

Q. Do you have any concerns regarding the proposal to separate these systems so that Frontier can continue to provide its customers with this service?

A. I generally have no objection to the network re-arrangements. However, it is vital that the Commission and Staff receive assurances that a final network plan to separate these systems has been completed, including a timeline for completion.

295 **Q. Are you concerned that Frontier/Verizon will request a rate increase**
296 **for 9-1-1 Services in Illinois which would cause funding problems for**
297 **some 9-1-1 systems given their fixed revenue source?**

298 A. Not at this time. Joint Applicants indicated that Verizon's 9-1-1 tariffs in
299 effect prior to closing of the merger transaction will, in substance, be in
300 effect after closing. For Verizon North, the same tariff will remain in place,
301 with only a change to the entity's name. For Verizon South, the new ILEC
302 will file a tariff identical in substance to the current tariff. In both cases,
303 there will not be changes in rates, terms or conditions as a result of the
304 transaction. Frontier Response to Staff Data Request SR 1.10. I would
305 be concerned, however, if the post-merger companies requested a rate
306 increase for 9-1-1 network and services. A potential rate increase would
307 be troubling, as governmental agencies are paying for these services on a
308 fixed budget in order to provide vitally important public safety services. In
309 the event that a rate increase is requested for 9-1-1 services and network,
310 Staff will continue to maintain its position that 9-1-1 services should not be
311 a profit center for the telecommunications carrier. Accordingly, Staff will
312 carefully scrutinize any rate increase for 9-1-1 services.

313

314 **Q. Verizon has an ongoing project regarding the Migration of 9-1-1**
315 **Selective Router Facilities in Illinois, Indiana, Michigan, Ohio and**
316 **Wisconsin. Verizon Response to Staff Data Request SR 1.25. Do you**
317 **have concerns with the completion of this project?**

318 A. Not at this time. Completion of the movement of all end offices, CLEC
319 and wireless circuits to the new switched base selective routers is
320 dependent on coordination that Verizon receives from third parties (i.e.
321 wireless providers and CLECs). The project is currently being handled by
322 Verizon and if it is not completed prior to the closing of the merger
323 transaction, then a subsidiary of Frontier will assume responsibility for
324 completion of the project. If the project is not completed before the
325 closing of the merger transaction, Frontier should be required to notify the
326 Commission's 9-1-1 Program Manager as to which of its subsidiaries will
327 be responsible for completion of the project.

328

329 **Q. Are there any licensing requirements that will apply when NewILEC**
330 **becomes the 9-1-1 system provider?**

331 **A.** Section 13-900 of the Public Utilities Act (220 ILCS 5) requires 9-1-1
332 service providers, that were not providing 9-1-1 service on June 30, 2009,
333 to obtain a Certificate of 9-1-1 Service Provider Authority if it plans to
334 provide 9-1-1 network and database services to an authorized 9-1-1
335 system.

336

337 **Q. What is Frontier's position regarding its need to obtain a certificate**
338 **under Section 13-900?**

339 A. Frontier stated that it will file an application for 9-1-1 System Provider
340 Authority under Section 13-900 of the Public Utilities Act if deemed
341 required. Frontier Response to Staff Data Request SR 1.24.

342

343 **Q. Are there any facts that you consider relevant to whether Frontier**
344 **should seek a Certificate of 9-1-1 System Provider Authority under**
345 **Section 13-900?**

346 A. Section 13-900 specifically states that no incumbent local exchange
347 carrier that provides, as of the effective date of this amendatory Act of the
348 96th General Assembly, any 9-1-1 network and 9-1-1 database service
349 used or intended to be used by any Emergency Telephone System Board
350 or 9-1-1 system shall be required to obtain a Certificate of 9-1-1 System
351 Provider Authority under this section. Verizon North and South, inasmuch
352 as each was providing 9-1-1 network and 9-1-1 database service on June
353 30 of this year, are exempt from the certification requirement under this
354 provision. When the merger transaction occurs, Frontier will be taking
355 over the Verizon North properties with what is essentially a name change;
356 the Verizon North company was, as noted above, providing 9-1-1 network
357 and 9-1-1 database service on June 30. The Verizon South properties,
358 however, will be taken over by a newly-formed incumbent local exchange
359 carrier named New Communications of the Carolinas, which was not
360 providing 9-1-1 network and 9-1-1 database service on June 30 of this

361 year. Accordingly, it appears to me that New Communications of the
362 Carolinas is not exempt from the Section 13-900 certification requirement.

363

364 **Q. What are your recommendations to the Commission?**

365 A. At this time, it does not appear that approving the merger would negatively
366 impact the delivery of 9-1-1 services in Illinois. If the Commission does
367 approve the merger, I recommend that the following conditions be
368 imposed:

- 369 • The post-merger company must inform the Commission prior to the
370 reduction or removal of any 9-1-1 staff which are functional in
371 providing 9-1-1 services in Illinois.
- 372 • Any post-merger operational changes that are made in the delivery
373 of 9-1-1 services must be transparent to the 9-1-1 systems, as well
374 as to the 9-1-1 subscribers.
- 375 • Any rate increase requested specifically for 9-1-1 network and
376 services should not create additional profits for the post-merged
377 company and shall be submitted to normal Commission review of
378 proposed increases.

379

380 **Q. Does this conclude your testimony?**

381 A. Yes, it does.